



The Indian MBA Tour

Our decade-long research uncovers significant growth, yet a soft underbelly of Indian MBAs

Our first cover story began with the following passage: “It’s the latest middle-class dream. The magical three letters, M-B-A, spell astronomical pay packets and alluring career prospects. Not surprisingly, middle-class parents are pushing their sons and daughters to study management the same way they used to chant the engineering and medicine mantra a while ago.” That was the year 2000, the turn of the millennium and a decade marking the launch of economic reforms, that spurred the MBA dream.

In last year’s cover story, based on our annual survey, we carried a quote from the former president of the National HRD Network, the association of top HR heads, Aquil Busrai, “Industry seems to feel that B-schools are on the right track. But they are not yet prepared to give them full marks. Industry needs are changing by the day and matching these is not easy.”

The two quotes from our cover stories, separated by nine years, speak volumes about the perception and path the Indian MBA has been taking. In the past decade, we have been tracking and commenting, and in the process, building quality at the campuses. Drastic changes have taken place in B-school profiles and even ‘ownership’. “There is a lot of rethinking and introspection among even the IIMs. We had to follow industry trends, such as introducing the one-year MBA,” says Devi Singh, director, IIM-L.

Our listing recognised many schools which otherwise would have gone unnoticed for much longer; some literally one-room affairs when we started looking at them. Today, these are big B-schools with a large student base and infrastructure and they are not necessarily in big cities. Pune became an MBA hub with a large number of B-schools being listed by us, over the years. PSG Institute of Management, Welinkar, Lal Bahadur Shastri Institute of Management, IMT Nagpur, Punjab College of Technical Education, Uni-

versity Business School Chandigarh, Sona School Salem, the Symbiosis Centre for Management and HRD, Indian Institute of Modern Management, Pune were some of the schools we recognised and we were proved right. In our Top 20 ranking list, quite a few names have been regulars, like XIM Bhubaneswar, ICFAI Business School, IMT Ghaziabad and S.P. Jain, which we’ve labelled as Top 10 schools for the first time. Even IIT Delhi’s department of business was on our top list; so were NMIMS and NITIE, both from Mumbai. The Hyderabad-based Indian School of Business, though then only about two years old, came on the list in 2003.

Till now, we opted to rank 20 B-schools and rate the rest in about nine clusters. We have used our Website, www.bibschoolsurvey.com, since 2004 to track and facilitate the schools’ participation in our survey. In the current year, for the first time by any media house, we made our B-school survey an online one. And given the growing number of B-schools, we have ranked the top 50.

While we continued to track and experiment with our research process, the B-schools we were looking at had been undergoing significant changes. Private investment alone had been fuelling capacity growth and most of the B-schools continued to be small in size. Faculty-student ratios remained adverse; even the pressure on capacity continued with swelling student numbers. There are now five national admission tests including the IIMs-led Common Admission Test (CAT) and the large number of state-administered Common Entrance Tests (CET). An estimated 350,000 students sat for the national admission tests in the current admission session.

IIMs undergo sea change

The change has been most visible at IIM campuses. To start with, CAT has been opened up – this allows other schools to





use CAT scores and also give the scorecard to students for use at other MBA admissions, like GMAT. IIMs have accepted the one-year executive MBA model after a lot of resistance, launched new courses in public policy and signed on large number faculty exchange programmes with global B-schools. At least one of them, IIM-A, has moved for international accreditation with EQUIS. So, the IIMs have done it all.

IIM-L became the first IIM to have a second campus by moving into Noida for its executive MBA programmes. IIM-B, on its part, made an attempt at an overseas campus in Singapore, which was shot down by an unimaginative HRD ministry. On the flip side, however, co-operation among IIMs is still confined only to the CAT, which rakes in close to Rs25 crore annually. Also, the IIMs don't have operational freedom, which would give them the ability to plan their faculty compensation, attract alumni funding, make investments for expansion and be free to respond to market forces. "The dialogue with the government should be on setting the parameters and a roadmap for granting operational autonomy and letting these institutions become fully board-governed institutions," says Sameer Barua, director, IIM-A. They also have their cup of woes with the government forcing reservations for OBCs.

The story of the Indian MBA is fascinating and is of relative recent vintage, even though the two Indian Institutes of Management, IIM-A and IIM-C, were launched in 1962. Many of the 3,000-odd schools that dot the country at present were launched within the span of the past one-and-a-half decades. Broadly, our year-on-year survey showed that the MBA business has been growing 20-30 per cent year-on-year, goaded on by lucrative pay packets for nearly eight years in a row. But the global meltdown has dampened the MBA dream and put a reality check on the entire industry.

ISB Hyderabad – which was assisted at the start by three different global business schools, Kellogg, Wharton and London Business School, along with 15 of India's top corporates, and which we placed in our Top 10 listing in 2003 for the first time – has been a star player in the Indian MBA scene. The one-year MBA model using international faculty has caught on and led to some significant changes in the way the MBA education is being offered in the country. The Great Lakes Institute of Management, set up by one of the original mentors of ISB, Bala Balachandran of Kellogg in Chennai, used the same model, but priced much lower. The school has moved into its sprawling campus this year. Other such models are coming up in different parts of the country such as the School of Inspired Leadership (SOIL), New Delhi, Chennai Business School and Bangalore Business School.

Capacity restrictions continue

Nearly 200 schools – most of which have regularly appeared in our survey – have matured and grown into what a B-school should be: with excellent infrastructure, a well-orchestrated curriculum, good faculty strength of at least 1:10 or 1:12 faculty-student ratio and an average

placement salary performance of Rs3-5 lakh.

Ironically, all these schools derived their strength from Post Graduate Diplomas in Management and not MBAs, due to a peculiar government rule that reserved the MBA tag to under-funded university B-schools. The government's attempt to correct this, by giving permission to private trusts to open universities with certain restrictions, opened up a Pandora's box with at least one state government, Chhattisgarh, becoming too ambitious to clear over 200 proposals in one go. At least 300 such private universities came up, almost all of which have an MBA department and most are no better than their counterparts in state universities. Though in theory, they are non-profit institutions or charities, the promoters have found several ways to benefit personally on a large scale from such 'charitable' activities.

The biggest bugbear for MBA schools in the past decade was a highly restrictive policy regime and multiple compliance systems, wasting time and resources. The All India Council of Technical Education (AICTE) was given the responsibility by statute to help B-schools grow. It did the

opposite by restricting capacity and insisting on needless documentation and inspection. "B-schools could have grown much faster with more strength if the policy regime was more supportive," says Pritam Singh, professor emeritus, MDI Gurgaon and former director of IIM-L. Ironically, many B-schools that grew rapidly could do so only by not opting for AICTE approval, such as ISB Hyderabad, ICFAI Business School, Symbiosis group of schools, IIPM, etc. "Nearly half the 3,000

schools we are talking about are not compliant with government rules and 'unrecognised' by government," says a top AICTE official. But such recognition only means recognition of the diploma or degree for government jobs. And, of course, most B-school graduates do not really want or aspire for government jobs.

The policy restriction also hit faculty growth, as there was no incentive to join the profession owing to low compensation. "Future B-school growth is severely restricted owing to faculty shortage," says IIM-L's Devi Singh. In the case of IIMs, with the expected 14 IIMs being set up within the next five years, faculty shortage is going to be the biggest issue. There are just 400-450 PhDs being produced every year in management, which is hardly sufficient to fill the gap. Most of these PhDs are also being awarded to existing post-graduates who are working as lower faculty.

Despite such inadequacies, the Indian MBA still has a lot going for itself as our research shows. Indian MBAs cost a fraction of global MBAs, while good B-schools wind up competing in the corporate world with graduates of top-flight international B-schools. We will be back next year with an expanded study. The MBA scene might undergo a further shift with the HRD ministry, led by Kapil Sibal, contemplating drastic changes in the policy regime – to free schools from capacity restrictions, bring in international competition and open up higher education to foreign investments.

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